

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES COMPANY)	
TO AMORTIZE, BY MEANS OF TEMPORARY)	CASE NO.
DECREASE IN RATES, NET FUEL COST SAVINGS)	93-113
RECOVERED IN COAL CONTRACT LITIGATION)	

O R D E R

IT IS ORDERED that Kentucky Industrial Utility Customers ("KIUC") shall file the original and 12 copies of the following information with the Commission with a copy to all parties of record no later than September 20, 1993. KIUC shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested should a public hearing be scheduled.

1. a. Besides comments on the level of fuel cost savings recovered in the South East Coal Company litigation, does KIUC have any additional comments on the proposal of Kentucky Utilities Company ("KU") to distribute those savings?

b. If yes, state those comments.

2. Does KIUC support the method by which KU proposes to distribute the fuel cost savings recovered in the South East Coal Company litigation?

3. At page 15 of his testimony, Lane Kollen states that if the inter-system sales offset is considered an allocation issue, the allocation should be between Federal Energy Regulatory Commission ("FERC") wholesale jurisdiction and Kentucky retail

jurisdiction. Explain why KU's operations in Virginia do not constitute a third jurisdiction.

4. Explain why inter-system sales should be included in determining the level of fuel cost savings to be distributed when Commission Regulation 807 KAR 5:056 excludes them from the fuel clause process.

5. KU has described the federal income tax effects its plan for distribution of the escrow funds will have on its customers. Discuss Mr. Kollen's evaluation of KU's analysis of the effects.

6. KU has filed escrow distribution plans with the FERC and the Virginia State Corporation Commission. Describe what impact, if any, those commissions' decisions should have on this proceeding.

7. At page 10 of his testimony, Mr. Kollen states: "Absent fraud or misrepresentation, the Commission's fuel adjustment clause regulation requires that fuel costs be trued up every two years. If fraud or misrepresentation exists, the Commission is not limited to the defined two year period." Provide the statutory, regulatory and case law authority which forms the basis for this statement.

8. Commission Regulation 807 KAR 5:056 limits the costs which may be charged through an electric utility's fuel adjustment clause.

a. May costs other than those set forth in Commission Regulation 807 KAR 5:056 may be charged through the fuel adjustment clause?

b. If yes, state which costs and identify the circumstances under which they may be charged through the fuel adjustment clause.

Done at Frankfort, Kentucky, this 13th day of September, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director